



State of Utah

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Governor

GREG BELL
Lieutenant Governor

Department of Environmental Quality

Amanda Smith
Executive Director

DIVISION OF WATER QUALITY
Walter L. Baker, P.E.
Director

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M104510078
cc: Leslie

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Walter L. Baker
Executive Secretary

January 10, 2012

Rick Havenstrite, President
Desert Hawk Gold Corporation
1290 Holcomb Avenue
Reno, Nevada 89502

Dear Mr. Havenstrite:

Subject: Extension of Construction Permits for Cactus Mill and Kiewit Project

The Division of Water Quality (DWQ) issued a Construction Permit to Desert Hawk Gold Corporation (Desert Hawk) on January 28, 2010 for the Cactus Mill pilot project after reviewing and approving engineering design plans and specifications. Subsequently, some engineering design changes were made and a revised Construction Permit was issued on June 28, 2010. On October 26, 2010, DWQ issued a Construction Permit for the Kiewit Project after reviewing and approving engineering design plans and specifications.

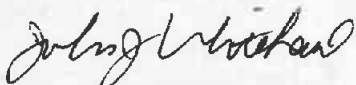
As we indicated to you in our November 30, 2011 letter, Construction Permits expire one year from the date of issuance, unless substantial progress has been made constructing the approved facilities, or new plans and specifications have been re-submitted and the construction permit has been re-issued. However, based on recent correspondence with you, we understand that construction has been delayed for these projects pending the completion of mining permit amendment reviews by the Utah Division of Oil, Gas and Mining (M/045/0049 and M/045/0078), and a Bureau of Land Management permit application review (3809U8734). In the interim, the best available technology for these construction permits has not changed, nor has Desert Hawk made any engineering design changes for either pilot project. Therefore, DWQ will allow an extension of these Construction Permits pending the completion of the DOGM and BLM permit application reviews.

Mr. Rick Havenstrite
January 10, 2012
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If you have any questions about this letter, please contact Rob Herbert at (801) 536-4350 or rherbert@utah.gov.

Sincerely,

UTAH WATER QUALITY BOARD

A handwritten signature in black ink, appearing to read "John J. Whitehead".

John J. Whitehead
Acting Executive Secretary

JW/RFH:mhf

Cc: Paul Baker, Division of Oil, Gas & Mining

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